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BEFORE THE
ILLINOIS COMMERCE COMMISSION

AQUA ILLINOIS, INC.) DOCKET NO.
) 08-0496
)
Petition for Approval of Transfer)
of Assets between affiliates)
pursuant to Section 7-101 of the)
Illinois Public Utilities Act.)

Springfield, Illinois
Thursday, October 2, 2008

Met, pursuant to notice, at 10:30 a.m.

BEFORE:

MS. LISA TAPIA, Administrative Law Judge

APPEARANCES:

MS. STEFANIE GLOVER
SONNENSCHNEIN, NATH & ROSENTHAL
233 South Wacker Drive
Chicago, Illinois 60606
Ph. (312) 876-2349

(Appearing on behalf of
Petitioner via teleconference)

SULLIVAN REPORTING COMPANY, by
Carla J. Boehl, Reporter
Ln. #084-002710

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APPEARANCES: (Continued)

MR. MICHAEL G. McNALLY
527 East Capitol Avenue
Springfield, Illinois 62701
Ph. (217) 557-4214

(Appearing on behalf of Staff of
the Illinois Commerce
Commission)

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I N D E X

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
PAUL J. HANLEY By Ms. Glover	5			

EXHIBITS

	<u>MARKED</u>	<u>ADMITTED</u>
Aqua 1.0, 1.1, 1.2	E-Docket	7
ICC Staff 1.0	E-Docket	9

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1 an appearance on the record? Hearing none, we will
2 proceed.

3 Ms. Glover, if you would like to call
4 your first witness?

5 MS. GLOVER: Yes, Your Honor. I would like to
6 call Mr. Paul J. Hanley as a witness.

7 JUDGE TAPIA: Mr. Hanley, if you could raise
8 your right hand?

9 (Whereupon the witness was duly
10 sworn by Judge Tapia.)

11 JUDGE TAPIA: Thank you. You may proceed,
12 Ms. Glover.

13 MS. GLOVER: Thank you.

14 PAUL J. HANLEY
15 called as a witness on behalf of Petitioner, having
16 been first duly sworn, was examined and testified as
17 follows:

18 DIRECT EXAMINATION

19 BY MS. GLOVER:

20 Q. Mr. Hanley, could you please state your
21 position with Aqua Illinois for the record?

22 A. My name is Paul Hanley. I work for Aqua

1 Illinois.

2 Q. And your position with Aqua is?

3 A. Controller.

4 Q. And, Mr. Hanley, in conjunction with this
5 case did you prepare prefiled direct testimony that
6 was submitted on e-Docket on August 20, 2008?

7 A. Yes, I did.

8 Q. And does that testimony consist of three
9 pages of testimony and two exhibits?

10 A. Yes, that's correct.

11 Q. And if asked the questions within your
12 direct testimony today, would your answers be the
13 same as they were within your testimony?

14 A. Yes, they would.

15 Q. The direct testimony was identified as
16 Exhibit 1, Aqua Illinois Exhibit 1.0, is that
17 correct?

18 A. That is correct.

19 Q. And Exhibit 1.1 to your testimony was a
20 promissory note, correct?

21 A. Yes.

22 Q. And Exhibit 1.2 to your testimony was an

1 exhibit prepared by you explaining the capital
2 structure as a result of the transfer in question,
3 correct?

4 A. That's right.

5 MS. GLOVER: Your Honor, I think at this time I
6 would ask that Aqua Illinois Exhibits 1.0, 1.1 and
7 1.2 be admitted into evidence.

8 JUDGE TAPIA: Thank you. Is there any
9 objection from Staff as to the entry into evidence of
10 Aqua Exhibit 1.0 which is the direct testimony of
11 Paul J. Hanley, Aqua Exhibit 1.1, the promissory
12 note, and Aqua Exhibit 1.2 which is the capital
13 structure document, any objection to any of these
14 three exhibits?

15 MR. McNALLY: No.

16 JUDGE TAPIA: Hearing no objection, the
17 admission of Aqua Exhibit 1.0 which is the direct
18 testimony of Paul J. Hanley, Aqua Exhibit 1.1 which
19 is the promissory note, and Aqua Exhibit 1.2 which is
20 the capital structure document is admitted into
21 evidence.

22 (Whereupon Aqua Exhibits 1.0,

1 1.1 and 1.2 were admitted into
2 evidence.)

3 Mr. McNally, any questions for the
4 witness?

5 MR. McNALLY: No.

6 JUDGE TAPIA: Thank you. Anything else,
7 Ms. Glover?

8 MS. GLOVER: Nothing further.

9 JUDGE TAPIA: Is there anything else that you
10 would like to be part of the record, Ms. Glover?

11 MS. GLOVER: Your Honor, nothing that was
12 prepared by Aqua Illinois. I know that Staff had
13 prepared a response to our petition. But we have
14 nothing more to introduce from Aqua.

15 JUDGE TAPIA: Thank you. And, Mr. McNally, you
16 prepared a response in this case and it is my
17 understanding that you recommend that the Commission
18 grant the petitioner's petition?

19 MR. McNALLY: Yes, Staff has no objection to
20 the proposed transaction.

21 JUDGE TAPIA: Okay. And you would like to
22 leave that part of the record?

1 MR. McNALLY: Yes, Staff would like to request
2 that Staff's response to the Petition for Approval of
3 the Transfer of Assets be admitted into the record
4 as, I guess, ICC Staff Exhibit 1.0.

5 JUDGE TAPIA: And, Ms. Glover, there is no
6 objection to the entry of 1.0, Staff Exhibit Response
7 in favor of your position?

8 MS. GLOVER: There is no objection from Aqua.

9 (Whereupon ICC Staff Exhibit 1.0
10 was admitted into evidence.)

11 JUDGE TAPIA: Thank you. We discussed off the
12 record that the petitioner will submit a draft order
13 to Staff by the end of tomorrow which is October 3.
14 Staff will then review the proposed order or proposed
15 draft order by the 8th and submit it for my review by
16 the 10th. Any questions or concerns or changes in
17 regards to that?

18 MR. McNALLY: None from Staff.

19 JUDGE TAPIA: Okay. We will go ahead and do
20 that. Is there anything else that any party would
21 like to be part of the record before we close today?

22 MR. McNALLY: No.

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MS. GLOVER: No.

JUDGE TAPIA: Thank you. I will note for the
record that there are no contested issues in this
case and, therefore, this record will be marked heard
and taken.

HEARD AND TAKEN